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PRÉCIS OF AGENCY CONTRACTING

1. Under what authority does the Agency conduct its contract activity?

25X1 The basic authority is contained in the Central Intelligence Agency Act of 1949, as amended. This Act [ ] as amended) authorizes contracting and purchasing activities, delegations, exceptions, and other provisions, all of which are primarily based on the Armed Services Procurement Act of 1947 (PL 413, 80th Congress, as amended). Recognizing this basic authority, the Agency has adopted the following self-imposed guideline for its procurement philosophy:

25X1 Agency Policy Issuance [ ] says in part, ". . . procurement activities . . . and commitments binding the Government shall be in accordance with the procedures and standards by which Federal procurement is conducted by the General Services Administration or the Department of Defense, as evidenced respectively by the 'Federal Procurement Regulations' and the 'Armed Services Procurement Regulations,' as they now exist or may be amended."

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2. Does a mechanism exist to provide a senior level overview of the entire contract system?

The Agency, in 1967, established a Contract Review Board which reviews all research and development procurements of over [ ] and overrun situations of proportionate characteristics. The Board often reviews both before and after negotiation, but always at one of these stages. Its findings and recommendations are transmitted to the Director of Logistics for his approval, comment, or other action. Thus, the Directorates (via the Board) and the Director of Logistics actively participate in close and judicial review of the contracting function in

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the larger and more complex contracting areas. Also, any procurement or contracting policy matter or problem situation is able to be reviewed, studied, or investigated by the Board. Findings are transmitted to the Director of Logistics for close attention and indicated comment or action. The Director of Logistics conducts periodic review of the operations of each contracting element. The adherence to policy, technique, and maintenance of expertise are all thus satisfactorily managed. Lastly, the Director of Logistics conducts monthly meetings of senior procurement officials. During these meetings, such things as policies, problems, and procurement trends and improvements are explored in depth.

3. How is the Agency organized to perform its contracting function?

The Agency has just completed its changeover from centralized procurement to the modern concept of decentralized procurement for all research and development efforts. The Director of Logistics is directly responsible for the overall management of the decentralized function. In situations of extreme delicacy, or those requiring an extremely high level participation, the Director of Logistics is able to personally effect relationships via the use of qualified personnel assigned to his immediate staff. Each operating component or Directorate has its own contracting team, headed by a senior contracting official who receives his authority by written delegation from the Director of Logistics. One Directorate uses the remaining facilities of the Procurement Division for its contracting service. Each Directorate team serves its own

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4. Do we now have an adequate contract approval system with built-in checks and balances?

The Agency has a time-tested and constantly improving system of approvals. It begins when the operational arms of the organization lay out their plans and budgets. These are closely reviewed and coordinated by responsible budget and operational people working often in harmony with contracting officers. When individual requirements are funded, appropriate review and inputs are given from the project monitor, on up to the Director himself (depending upon the situation). After the funding and work definition are pronounced worthy, contracting officers start their procedural scrutiny, which is often expanded by the review of the Contract Review Board and the approval of the Director of Logistics. Negotiators have senior monitoring during the creation of the contract relationship and concurrences thereafter, including security, general counsel, sometimes audit, and always the necessary response of the senior contracting officer himself. Thus, contracts, when completed, have had the coordinated reciprocal and prime checks and perusal of everyone officially involved in meeting the requirement.

5. What security safeguards are built into the Agency contract system?

Basic security requirements are met through assignment of full-time industrial security specialists to each contracting team. In addition, there exists within the Office of Logistics a staff of professional security officers. This staff is charged by the Director of Logistics with the responsibility for overall review of all phases of contracting, including physical and personnel security matters.

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7. What is our experience with respect to sole source vis-a-vis competitive contract action?

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